

MEMORANDUM FOR: Director of Central Intelligence  
VIA: Deputy Director of Central Intelligence  
FROM:   
Acting Director of Security  
SUBJECT: Industrial Security - Unannounced  
Security Audit Policy

STATINTL

1. Action Requested: It is requested that you approve the recommendation contained in paragraph 4 to permit notice to the Agency's industrial contractors of impending industrial security audits.

2. Background: Since the inception of the industrial security audit program in May 1977, all such audits have been unannounced. This policy is in furtherance of your instructions following the Boyce/Lee Case that "The Director of Security, in coordination with cognizant project security officers, establish a program for the conduct of periodic, unannounced comprehensive security surveys (read audits) of industrial contractor facilities."

Industrial contractor reaction to industrial security audits has been highly favorable overall, and security programs in industry for the protection of Agency classified materials have shown marked improvement. Industrial contractors have, however, almost universally reacted unfavorably to the unannounced character of these audits. They have expressed the opinion that unannounced audits lead to an adversary relationship between themselves and the Agency, and foster antagonism and mistrust. This feeling was again strongly voiced by the Agency contractors who attended the Industrial Security Conference held at Agency Headquarters on 26 and 27 September 1979.

Experience has shown that the persons most knowledgeable of the security aspects of Agency programs are not always available when our audit teams arrive on site without notice. In one instance, an audit team arrived only to learn that the firm was closed for 2 weeks' summer vacation.

3. Staff Position: The Industrial Security Branch of the Office of Security has consulted with the Security Staffs of the Offices of Logistics and Development and Engineering and has found that they, too, question the value of unannounced audits. In fact, the general belief of those Agency personnel concerned directly or indirectly with the audits is that we gain little through keeping them unannounced, and that we would be better served if the Agency modified its policy to permit a degree of prior notice. I share the feeling of the industrial contractors and of the Agency security and contracting staffs involved in the audit program. They maintain, and I believe rightly so, that an industrial contractor can hardly revise entire security systems on short notice, and that the unannounced nature of our industrial security audits accomplishes very little and contributes to the breakdown of existing rapport.

4. Recommendation: It is recommended that you, in the interest of fostering better understanding between the Agency and its industrial contractors, approve the amendment of current Agency policy in order to permit advance notice to Agency industrial contractors of impending comprehensive industrial facility security audits.

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APPROVED:

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Director of Central Intelligence

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Date

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